

**DIRECT TESTIMONY OF****ROBERT A. LAWYER****ON BEHALF OF****THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF****DOCKET NO. 2020-264-E****DOCKET NO. 2020-265-E****IN RE: JOINT APPLICATION OF DUKE ENERGY CAROLINAS, LLC AND****DUKE ENERGY PROGRESS, LLC FOR APPROVAL OF SOLAR CHOICE****METERING TARIFFS PURSUANT TO S.C. CODE ANN. SECTION 58-40-20****Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

**A.** My name is Robert A. Lawyer. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as Deputy Director of Energy Efficiency and Renewables in the Utility Rates and Services Division of the Office of Regulatory Staff ("ORS").

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

**A.** I received my Bachelor of Science in Financial Management from Clemson University in 1994. Prior to my employment at ORS, I held a variety of positions in finance, accounting, auditing and management. I joined ORS in 2007 as an Auditor and assumed my current position in November 2019.

**Q. HAVE YOU TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA ("COMMISSION")?**

**A.** Yes. I have previously testified before the Commission.

**Q. WHAT IS THE MISSION OF ORS?**

1     **A.**             ORS represents the public interest as defined by the South Carolina General  
2             Assembly as:

3                     [T]he concerns of the using and consuming public with respect to public  
4                     utility services, regardless of the class of customer and preservation of  
5                     continued investment in and maintenance of utility facilities so as to provide  
6                     reliable and high-quality utility services.

7     **Q.     WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

8     **A.**             The purpose of my direct testimony is to set forth and support ORS's review,  
9             analysis and resulting recommendations related to the Solar Choice Metering Tariffs  
10            proposed by Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC  
11            ("DEP" and together with DEC, "Duke" or the "Companies") in compliance with S.C.  
12            Code Ann. § 58-40-20 of the South Carolina Energy Freedom Act ("Act 62").

13    **Q.     WAS THE REVIEW AND ANALYSIS PERFORMED BY YOU OR UNDER YOUR**  
14    **SUPERVISION?**

15    **A.**             Yes. The review and analysis to which I testify were performed by me or under my  
16             supervision.

17    **Q.     PLEASE DETAIL THE REQUIREMENTS OF THE RECENT NET ENERGY**  
18    **METERING ("NEM") GENERIC DOCKET NO. 2019-182-E.**

19    **A.**             The recent NEM Generic Docket required: 1) the investigation and determination  
20             of the costs and benefits of the current NEM program and 2) the establishment of a  
21             methodology for calculating the value of the energy produced by customer-generators.

22    **Q.     DID ORS INCORPORATE THE OUTCOME(S) OF THE NEM GENERIC**  
23    **DOCKET TO DEVELOP ITS RECOMMENDATIONS IN THIS PROCEEDING?**

24    **A.**             No. A final Commission order has not been issued in the NEM Generic Docket.  
25             Therefore, ORS's recommendations focused on the elimination of any cost shift to the

1 greatest extent practicable on customers who do not participate in customer sited solar  
2 generation, pursuant to Act 62.

3 **Q. DID ORS REVIEW OR ANALYZE THE IMPACT(S) OF DUKE'S PROPOSED**  
4 **SOLAR CHOICE METERING TARIFFS ON THE ECONOMIC INTERESTS OF**  
5 **THE SOLAR INDUSTRY IN SOUTH CAROLINA?**

6 **A.** No. ORS represents the concerns of all classes of utility customers. Therefore, the  
7 ORS recommendations in this proceeding reflect efforts to protect all classes of Duke  
8 customers from unreasonable shifts in costs in the determination of Duke's successor Solar  
9 Choice Metering Tariffs.

10 **Q. WHAT OTHER ENTITIES PLAY A SIGNIFICANT ROLE IN THIS**  
11 **PROCEEDING?**

12 **A.** In addition to Duke, several entities have intervened to represent the interests of the  
13 solar industry and clean energy policy. These entities include Alder Energy Systems, LLC,  
14 North Carolina Sustainable Energy Association ("NCSEA"), Solar Energy Industries  
15 Association ("SEIA"), Vote Solar, Southern Alliance for Clean Energy ("SACE"), South  
16 Carolina Coastal Conservation League ("CCL"), Upstate Forever, and Nucor Steel- South  
17 Carolina, a Division of Nucor Corporation. The primary purpose of some of the entities is  
18 to sell, lease, and market goods and services related to solar to potential customer-  
19 generators. As such, the interests of those entities are not always aligned with the interests  
20 of the using and consuming public who purchase electrical service from Duke. This  
21 distinction is important as the Commission will determine compensation for customer-  
22 generators which will impact the future rates to be paid by all Duke customers.

1     **Q.     DID ORS RETAIN ANY EXPERT WITNESSES FOR THIS PROCEEDING?**

2     **A.**             Yes. ORS retained one (1) expert witness for this proceeding: Brian Horii, a Senior  
3             Partner with Energy and Environmental Economics, Inc. (“E3”).

4     **Q.     WHAT IS THE PURPOSE OF ORS’S EXPERT WITNESS’ DIRECT TESTIMONY**  
5             **IN THIS PROCEEDING?**

6     **A.**             The purpose of Mr. Horii’s direct testimony is to discuss E3’s analysis and review  
7             of the Joint Application filed by Duke in these dockets which includes a proposed  
8             Stipulation with NCSEA, CCL, SACE, Upstate Forever, and Vote Solar (collectively the  
9             “Solar Parties) pursuant to Section 58-40-20 of Act 62 and to present recommendations for  
10            the Commission’s consideration. Mr. Horii addresses, and generally agrees with, the types  
11            of rate components presented in the proposed Stipulation, but finds fault with the embedded  
12            cost of service (“COS”) studies Duke used as evidence fulfilling the requirements of Act  
13            62 to eliminate cost shift and subsidization “to the greatest extent practicable.”

14            Mr. Horii also discusses how Duke overestimated the cost reductions that should  
15            be attributed to residential solar installations. He explains how this overestimation results  
16            in Duke’s representation to the Commission that the cost shift will essentially be eliminated  
17            by the proposed Stipulation’s Permanent Tariffs (“Permanent Tariffs”). Mr. Horii further  
18            testifies that a substantial cost shift would remain with Duke’s proposed Permanent Tariffs.  
19            Specifically, he estimated the cost shift of the proposed Permanent Tariffs is \$37 per month  
20            for DEP and \$52 per month for DEC for each residential customer.

Mr. Horii's analysis and testimony also demonstrate the proposed Stipulation's Interim Riders ("Interim Riders") are too generous toward customer-generators and should be revised to be more aligned with the Permanent Tariffs.

**Q. PLEASE SUMMARIZE ORS'S FINDINGS AND RECOMMENDATIONS FOR THIS PROCEEDING.**

**A.** In evaluating Duke's proposed Solar Choice Metering Tariffs, ORS offers the following findings and recommendations:

1. The embedded COS study cost shifts should be calculated using Loss of Load Expectation studies or winter 1 Coincident Peak peaks to reflect that both DEC and DEP system capacity needs are and will be driven by winter peak demands.
2. Absent evaluations of the embedded COS of customer-generators that are based on the winter-peaking nature of the DEC and DEP systems, the Commission will not have an accurate picture of the cost shift implications of Solar Choice Metering Tariffs.
3. While Duke claims their proposed Permanent Tariffs would more than remove the cost shift for DEP, the actual cost shift for new customer-generators would be \$449 per year. For DEC, Duke claims a remaining cost shift of only \$64 per year, while ORS finds that the cost shift would be \$621 per year for each customer-generator.
4. The time of use ("TOU") and Critical Peak Pricing ("CPP") prices can provide cost shift reductions through the encouraging of customer-generators to reduce usage during the high cost periods or events. These cost savings, however, will likely be offset by additional incentives given by Duke to some customer-generators.
5. There is an additional \$3,000 credit (on a one time, not annual basis) to typical customer-generators that receive the Winter Bring Your Own Thermostat program

incentive contained in the Memorandum of Understanding (“MOU”) between Duke and the Solar Parties. This potential additional cost shift would offset the TOU and CPP price response benefits.

6. The terms of the MOU between Duke and the Solar Parties raises questions as to how forthright Duke can be in this proceeding, given the binding requirement that Duke support the proposed Stipulation with the Solar Parties.

7. Customer-generators on proposed Interim Riders should be migrated onto monthly TOU netting once the Permanent Tariffs (that also use monthly TOU netting) become effective. This would remove more than \$10 per month in cost shift burden imposed by each Interim Rider customer-generator.

8. The proposed Interim Riders should also include an incremental \$10 per month Basic Facilities Charge, rather than the Duke proposed \$10 minimum bill. This would also help reduce the cost shift burden imposed by Interim Rider customer-generators.

9. For the proposed non-residential riders, like the proposed residential Interim Riders, the use of monthly netting should be replaced by monthly TOU netting on January 1, 2022.

**Q. WILL YOU UPDATE YOUR DIRECT TESTIMONY BASED ON INFORMATION THAT BECOMES AVAILABLE?**

**A.** Yes. ORS fully reserves the right to revise its recommendations via supplemental testimony should new information not previously provided by the Company, or other sources, becomes available.

**Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

**A.** Yes.